

Health Care Reform

What does it mean for Nebraska's small businesses?

Reform creates private-sector competition to help control costs, helps small businesses provide insurance to their employees, and ends the worst practices of insurance companies.

Small Business Tax Credit

- ✓ To help small businesses afford the cost of insuring employees, the new law contains a tax credit available to small businesses with 25 or fewer employees and annual wages of \$50,000 or less. The lower a small business' annual wages, the higher the credit, with a maximum of 35% of the employer's contribution to employee health care costs. It's retroactive to January 1, 2010 and will be applied to 2010 tax returns filed next April. 73% of Nebraska businesses have fewer than 25 employees.¹ In 2014, businesses with less than 25 employees will be eligible for an expanded tax credit of up to 50% of the employer's contribution to health care coverage.

Ending the Worst Practices of Insurance Companies

- ✓ Reform prohibits insurance companies from capping lifetime and annual benefits in group health plans. It ends denial of coverage because of preexisting conditions and prohibits insurance companies from dropping coverage when you become sick.

Pooling Small Business Purchasing Power

- ✓ By 2014, each state will create a health insurance exchange – a competitive marketplace that contains private insurance plans, insurers that can sell across state lines, and non-profit options. Small businesses with up to 100 employees along with the self-employed will be eligible to choose their insurance through the exchange. In Nebraska, 80% of all employers have fewer than 100 employees.²

No Small Business Mandate

- ✓ At no point will small businesses with less than 50 full-time equivalent employees be required to provide health insurance to their employees. Today, less than 30% of these small businesses in Nebraska can afford to offer health insurance, so reform strives to help make this insurance more affordable. Businesses with more than 50 employees have the option of either providing affordable coverage or paying a fee to help their employees purchase individual coverage on the

(CONTINUED ON REVERSE)

¹ Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends. 2008 Medical Expenditure Survey-Insurance Component.

² Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends. 2008 Medical Expenditure Survey-Insurance Component.

exchange. It's worth noting that in Nebraska, 97% of employers with more than 50 employees already offer health insurance coverage to their employees.³

Reducing Administrative Costs

- ✓ The insurance exchange will reduce administrative costs for small businesses and their employees by enabling them to easily and simply compare the prices, benefits, and quality of health plans. All insurance companies will be required to present benefits and costs in the same easy-to-understand format. Information about plans will be available online.

No Sudden Rate Hikes

- ✓ Reform will prevent insurance discrimination based on health status, meaning that small businesses will no longer be unfairly subjected to arbitrary premium hikes if a worker falls ill.

Providing Information to Small Businesses

- ✓ By July 1st of this year, the Secretary of Health and Human Services will establish a website which will provide information to individuals and small businesses about affordable coverage options, reinsurance for early retirees, small business tax credits, and information of interest to small businesses in providing insurance to their employees.

Under Reform in Nebraska:⁴

- ✓ 33,100 small businesses could be helped by a small business tax credit to make premiums more affordable.
- ✓ 220,000 residents who do not currently have insurance and 127,000 residents who have nongroup insurance could get affordable coverage through the health insurance exchange.
- ✓ 139,000 residents could qualify for premium tax credits to help them purchase health coverage.
- ✓ 270,000 seniors would receive free preventive services.
- ✓ 48,000 seniors would have their brand-name drug costs in the Medicare Part D "doughnut hole" halved.

Looking for More Information?

On the Web at:

- <http://www.healthreform.gov>
- <http://www.smallbusinessmajority.org>
- <http://www.mainstreetalliance.org>

Contact Senator Nelson:

- Omaha: 402-391-3411
- Lincoln: 402-441-4600
- Scottsbluff: 308-631-7614
- Kearney: 308-293-5818
- South Sioux City: 402-209-3595
- Washington, DC: 202-224-6551

³ Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends. 2008 Medical Expenditure Survey-Insurance Component.

⁴ United States Department of Health and Human Services, <http://www.healthreform.gov>.